

806 KAR 8:010. Valuation of assets on deposit.

RELATES TO: KRS 304.8-040, 304.8-120

STATUTORY AUTHORITY: KRS 304.2-110

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Executive Director of Insurance may make reasonable rules and administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation sets forth the method of value of assets on deposit with the Executive Director of Insurance.

Section 1. Insurance companies making deposits and revaluations of the same with the Custodian of Insurance Securities shall utilize the Insurance Department Form 143.

Section 2. Assets on deposit with the Custodian of Insurance Securities which are obligations having a fixed term, rate and face value, shall be valued as follows:

(1) At face value if acquired at face value;

(2) If acquired above or below face value, they shall be valued on the basis of the purchase price adjusted annually to bring the value to face value on maturity. Such obligations when in default as to either principal or interest are not eligible for deposit, and the executive director shall require replacement of such deposits (KRS 304.8-120).

Section 3. Preferred and common stocks shall be valued, for deposit purposes, at the then market value. Twice each year these classes of securities shall be revalued, once as of the preceding December 31 and again as of June 30. The latter revaluation shall be accompanied by a statement from a recognized securities brokerage firm to the effect that the prices so used were the fair market values at June 30.

Section 4. Mortgage loans and/or notes shall be valued at the unpaid principal balance of the note at the time of deposit. Each year, before April 1, the mortgage loans on deposit shall be revalued so as to reflect the estimated unpaid principal balances as of the succeeding December 31.

Section 5. Home office real property shall be valued for deposit purposes at the company's book value, or at the fair market value if such has been established by an appraisal acceptable to the executive director. Any change in the company's book value or appraised value shall cause a revaluation of this deposit. (I-8.01; 1 Ky.R. 1076; eff. 7-2-75; TAm eff. 8-9-2007.)